From:	Kullmann, Volker <volker.kullmann@kirkland.com>
To:	ehbarak1 <ehbarak1@gmail.com>
CC:	
Date:	Fri, 4/12/2013 9:30:20 PM
Subject:	RE: Re 19 April/Mr. Kullmann

Dear Ehud,

I spoke with Messrs. Heri and Bodenehr of JB. It was a friendly discussion. Based on what they told me I think the key question is whether you would be ok with their proposed split fee structure of a fixed (consultancy) compensation and a variable compensation (an incentive fee which basically is a finder fee). They would be fine to increase the fixed compensation to USD 300,000 per annum without changing the proposed variable compensation. They mentioned that they would see the scope per year between 5-10 days at maximum. They answered my questions as follows:

1. Model 1: How is Net Income defined and what does maximum mean in that context?

Net Income is basically all revenues generated with a particular customer (the net new money) minus the costs of products and services incurred by the bank (which they described as a relatively small percentage of the revenues, basically the overhead costs). In their standard finder agreements the 30% are only payable if the bank gets at least USD 5 million net new money from the relevant customer. It seemed to me that we could negotiate that point.

2. Model 2: How is Net New Money defined (the term Net is not clear to me in that context) and what does the split discretionary\advisory mean? Is the fee also paid annually as in model 1 or only once?

Net New Money (NNM) is defined as total (cash) inflow minus total (cash) outflow. We would have to define the period in which a subsequent outflow would have to happen to count.

The split discretionary/advisory means that the incentive fee is 1.5% of the NNM only if such NNM given to the bank under a separate asset management agreement where the bank typically earns much more than in the other scenario where a customer just wires money into a (new) an account and the banks advises on particular transactions (e.g. buying stocks or bonds) for which the bank only gets the standard commission but no asset management fee.

In Model 2, the incentive fee is only paid once not annually. They said that a combination of both fee models may also be possible. They also mentioned that there is a (rather uncommon) third model which is a fee based on the assets under management. Such fee would be much lower around 0.2% but calculated and paid annually.

3. Both models: I would expect that the incentive fee is also paid for quite a while following termination of the contract. How long would such tail-off period run?

They said that there would be two separate agreements, a consultancy agreement with a fixed compensation and a finder or incentive agreement for the variable compensation. The incentive agreement would have a term of maximum 10 years and could continue even if the consultancy agreement would be terminated..

4. I thought that you wanted to also send me a revised split of the two components of the proposed compensation (fixed base and incentive) but may be I misunderstood you. Would you be prepared to increase the fixed base compensation and if so to which amount? How would such increase affect the incentive fee?

As mentioned above, they would be willing to increase the fixed compensation to USD 300,000 per annum.

When would be a good time for you to speak?

Kind regards,

Volker

From: ehbarak1 [mailto:ehbarak1@gmail.com]
Sent: Freitag, 12. April 2013 05:09
To: Kullmann, Volker
Subject: Re: Re 19 April/Mr. Kullmann

Dear Volker
Ok.let me know afterwards.
Thx
Ehud

Sent from Samsung Mobile

"Kullmann, Volker" <volker.kullmann@kirkland.com> wrote:
Dear Ehud, a couple of minutes ago someone from JB called me while I was driving. He will call me tomorrow at 4.00 pm German time to (hopefully) answer the questions I sent to Boris.

Best, Volker

Sent from my iPhone

Am 11.04.2013 um 19:17 schrieb "ehbarak1" <ehbarak1@gmail.com>:

> Dear Volker
> I did not hear from him. I think he is traveling . the reminder is in place. Let me know when development occurs.
> Best
> Ehud
>
> Sent from Samsung Mobile
>
> "Kullmann, Volker" <volker.kullmann@kirkland.com> wrote:
> Dear Ehud,
>
> I hope you are well. Please see below my reminder email to Boris. Have you heard anything from him since we spoke last Saturday?
>
> Best, Volker
>
> ---
>
> **From:** Kullmann, Volker
> **Sent:** Donnerstag, 11. April 2013 17:35
> **To:** Collardi, Boris
> **Subject:** RE: Re 19 April/Mr. Kullmann
>
> Dear Mr. Collardi,
>
> Do you have any questions regarding my email dated 7 April below since I have not heard back from you.
>
> Kind regards,
>
> Volker Kullmann
>
> ---
>
> **From:** Kullmann, Volker
> **Sent:** Sonntag, 7. April 2013 11:49
> **To:** Collardi, Boris
> **Subject:** Re: Re 19 April/Mr. Kullmann
>
> Dear Mr. Collardi,
>
> Thanks for the brief summary and apologies for my late reply but I was travelling until yesterday. In order to be able to give Ehud a more comprehensive overview of your proposed fee structure I

would need to better understand how the two models work exactly:

1. Model 1: How is Net Income defined and what does maximum mean in that context?

2. Model 2: How is Net New Money defined (the term Net is not clear to me in that context) and what does the split discretionary\advisory mean? Is the fee also paid annually as in model 1 or only once?

3. Both models: I would expect that the incentive fee is also paid for quite a while following termination of the contract. How long would such tail-off period run?

4. I thought that you wanted to also send me a revised split of the two components of the proposed compensation (fixed base and incentive) but may be I misunderstood you. Would you be prepared to increase the fixed base compensation and if so to which amount? How would such increase affect the incentive fee?

Kind regards,

Volker Kullmann
Rechtsanwalt

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+49 (89) 2030 6000 (main)
+49 (89) 2030 6100 (fax)
volker.kullmann@kirkland.com (email)
www.kirkland.com

Sent from my iPad

Am 05.04.2013 um 00:26 schrieb "Collardi, Boris" <boris.collardi@juliusbaer.com>:

> Dear Mr Kullmann,
> Good to talk to you. Here is what I would offer on the incentive fee:
> Model 1 (Net Income)
> Maximum share of Net Income p.a. 30.00% (ie
> Or
> Model 2 (Net New Money)
> Maximum compensation on NNM (Discretionary 1.50% Advisory / Administration 0.75%)
> let me have your feedback.
> Best,
> Boris
>
> ---
>
> **From**: Kullmann, Volker [mailto:volker.kullmann@kirkland.com]
> **Sent**: Thursday, April 04, 2013 12:29 PM
> **To**: Collardi, Boris
> **Subject**: Re: Re 19 April/Mr. Kullmann
>
> Dear Mr. Collardi,

Apologies but I have to push our call today by 15 minutes to 15.15 CET.

Kind regards,

Volker Kullmann

Sent from my iPhone

Am 02.04.2013 um 22:47 schrieb "Kullmann, Volker" <volker.kullmann@kirkland.com>:

> Dear Mr. Collardi,
>
> Thanks for your prompt response. I will call you on Thursday at 15.00 CET.
>
> Kind regards,
>
> Volker Kullmann

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